



# UW System in the News

Economic Summit Clipsheet  
October 29, 2003

## NEWS SUMMARY

### Wisconsin Economic Summit IV -- Main programs

- \* "State officials fear economy's slow growth," Milwaukee Journal Sentinel, Oct. 29.
- \* "Economic summit examines health care," Milwaukee Journal Sentinel, Oct. 29.
- \* "Health-care costs called a crisis," Wisconsin State Journal, Oct. 29.

### Keynote speeches

- \* "Doyle warns Legislature not to get distracted from economic reform," WisBusiness, Oct. 29.  
Full text of speech: Governor Jim Doyle's Address to Wisconsin Economic Summit IV
- \* "Doyle proposes regulatory reform," Milwaukee Business Journal, Oct. 29.
- \* "Gov urges bipartisan efforts to create jobs," Capital Times, Oct. 28.

### Concurrent Sessions and workshops

- \* "Commerce head says state needs new businesses," Wisconsin State Journal, Oct. 28.
- \* "Economic study rolling along," Green Bay Press Gazette, Oct. 28.
- \* "Public-private partnership to study NE Wisconsin unemployment," WisBusiness, Oct. 28.
- \* "Northeast Wisconsin survey to steer job-training dollars," Appleton Post Crescent, Oct. 23.
- \* "Building on diversity," WisBusiness, Oct. 28.
- \* "More female corporate officers urged," Milwaukee Journal Sentinel, Oct. 28.
- \* "Proposed Racine fund would bring ideas to market," WisBusiness, Oct. 28.
- \* "Regional economic partnerships succeed through cooperation, flexibility," WisBusiness, Oct. 28.
- \* "State bioscience industry continues to grow," WisBusiness, Oct. 28.
- \* "Biotech thrives in Wisconsin," Wisconsin State Journal, Oct. 26.

### Summit overview

- \* "Summit seeks ways to spur economy," Milwaukee Journal Sentinel, Oct. 28.
- \* "Talent? Ideas? Check. What about cash?," Milwaukee Journal Sentinel, Oct. 27.
- \* "Economic summit addresses UW's effect on state," Badger Herald, Oct. 28.

### Editorials

- \* "Editorial: The next economic summit," Milwaukee Journal Sentinel, Oct. 29.
- \* "Editorial: Still Optimistic," Channel 3000, Oct. 27.
- \* "Health care reform is working its way back on to the political agenda," Tom Still Column, WisBusiness, October 2003.

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## State officials fear economy's slow growth

### Wisconsin could be inviting income, tax revenue gaps

By **JASON GERTZEN**

[jgertzen@journalsentinel.com](mailto:jgertzen@journalsentinel.com)

**Last Updated: Oct. 28, 2003**

Wisconsin must reverse a pattern of slipping incomes and a slow-growing economy, or it could find itself in a peer group including Kentucky, Idaho, Arkansas and Mississippi.

"The numbers are sobering," Gov. Jim Doyle said after giving a keynote speech Tuesday at the Wisconsin Economic Summit. "We know what our challenge is."

Nearly 800 officials, educators and business leaders concluded a two-day gathering at the Midwest Airlines Center in Milwaukee by reviewing stark economic trends confronting the state and the best approaches to counter them.

"We need to change a slow-growth economy into a high-growth economy," David J. Ward, president of NorthStar Economics, said during an opening session.

Over 25 years, Ward said, personal incomes have been growing by an average of 2.8% nationally, while they have been growing only 2.3% in this state. Wisconsin's 2000 per capita income of \$28,066 trailed the national average of \$29,451. It was outdistanced even more by Minnesota's \$31,913.

Should these trends continue, Wisconsin eventually could struggle with an earnings gap stemming from per-person incomes in the state at 83% of the national average, said Ward, who runs the Madison-based consulting and research firm.

This cannot necessarily be dismissed merely as an overly pessimistic economist's doomsday scenario. Consider Indiana, which ranked 17 in per capita income in 1965 and plummeted to 33 in 2000, Ward said.

The wounded pride of Wisconsinites is far from all that is at stake.

#### Economic Summit



Photo/[Erwin Gebhard](#)

Cisco Systems Chairman John P. Morgridge, who spoke Tuesday in Milwaukee, said the state has research and knowledge to capitalize upon.

#### Recent Coverage

The implications of sluggish income growth include a meager tax base, higher debt costs as state and local governments are hit with poor bond ratings, problems with funding schools and an overall lower quality of life in the state.

"We will be fighting over a smaller economic pie," Ward said.

Wisconsin has a strong education system, research powerhouses cranking out valuable innovations and growing economic sectors such as biotechnology that could help the state avoid this fate, said Ward, Doyle and others addressing the audience at the event organized by the University of Wisconsin System.

"The state has a lot of wonderful research, knowledge and experience it can capitalize on," John Morgridge, chairman of Cisco Systems, said during another presentation Tuesday.

Efforts such as the economic summit can influence whether the state seizes opportunities or fritters them away, Morgridge said.

Tapping the power of existing clusters of industries, such as printing and papermaking and nurturing emerging clusters such as biotechnology, offers great promise for creating and retaining so-called high-end jobs.

The clusters idea is an example of a strategy that emerged and gained traction as it was presented at earlier economic summits, said Tom Still, president of the Wisconsin Technology Council.

Three previous economic summits and other efforts did much to define problems, raise awareness and start developing consensus about possible solutions, Doyle said.

"Now the time has come for action," Doyle said.

The state also must address a critical shortfall of venture capital and other investment backing for start-ups with the potential for rapid growth, Doyle said. During the height of the technology boom, he said, Wisconsin attracted one-sixth as much venture capital as neighboring Minnesota.


"The greatest capital need we have is helping to jump-start more companies," Doyle said.


Legislators are poised to work on several new initiatives to boost venture capital and other money available for start-ups, Assembly Speaker John Gard (R-Peshtigo) said during a later panel discussion.


Lawmakers also must address barriers that are holding back Wisconsin businesses, Gard said.

"Taxes are too high and regulations are too onerous," Gard said.

State bureaucrats, for example, can take years to issue an environmental permit when the process can take no

 [10/28/03](#): Economic summit examines health care

 [10/27/03](#): Summit seeks ways to spur economy

 [10/26/03](#): Economic Summit to focus on ways to generate capital

more than a couple months in other states, he said.

Meanwhile Tuesday, the Legislature's budget committee approved \$8.1 million in tax breaks for investors in new start-up businesses. The committee recommended the tax breaks on a 10-4 vote, with Democrats saying businesses do not need more tax breaks.

Defending the new tax breaks, Republican legislators said Wisconsin ranks 47th among states in the number of start-up companies.

"That's embarrassing - 47th out of 50 in start-ups," said Sen. Ted Kanavas (R-Brookfield).

*Steven Walters of the Journal Sentinel staff reporting from Madison contributed to this report*

From the Oct. 29, 2003 editions of the Milwaukee Journal Sentinel

Original URL: <http://www.jsonline.com/bym/news/oct03/180803.asp>

## **Economic summit examines health care**

### **Costs can cripple state, Rockwell chairman says**

By **JOE MANNING**  
[jmanning@journalsentinel.com](mailto:jmanning@journalsentinel.com)

***Last Updated: Oct. 28, 2003***

Is health care cheaper when the costs are covered by a single-payer system, or is a greater reliance on consumer-directed health care a better solution to soaring double-digit health costs in Wisconsin?

These and other questions surrounding Wisconsin's health care costs were presented Tuesday afternoon to 800 business leaders, government representatives and university officials at this year's Wisconsin Economic Summit in the Midwest Airlines Center.

"A dark cloud" of high health care costs that hangs over southeast Wisconsin must be addressed now, said Don Davis Jr., chairman and chief executive officer of Rockwell Automation.

That cloud, which he said represents health care costs that are 50% higher than other Midwestern communities, threatens the area's economy.

Davis, a member of the summit's health care panel, said employers pay an average of \$6,000 a year here for each employee's health care, whereas in Chicago, the cost averages \$4,500, and it's even less in Minneapolis, where the average is \$2,700 per employee.

The Business Health Care Group of Southeast Wisconsin, a coalition that Davis heads, has developed a physician-payment plan in which the 43-member group will pay doctors a maximum allowable charge for health care beginning the first of the year.

But, David Newby, president of the Wisconsin State AFL-CIO, said he favors a plan in which all employers in the state would be required to pay fees to enter employees in an insurance pool. Such a pool would strengthen negotiating powers with providers and pharmaceutical companies.

James A. Buchen, vice president of government relations for the Wisconsin Manufacturers & Commerce, disagreed with Newby's idea, claiming businesses starting up in the state would be forced to pay into the fund when they may choose instead to not offer health insurance because of the cost.

Consumer-driven health care is Buchen's preferred solution to the problem.

Giving consumers a financial stake in the cost of their own health care will reduce costs because employees will think twice about seeking treatment when they have to pay higher deductibles and co-pays, he said.

From the Oct. 29, 2003 editions of the Milwaukee Journal Sentinel

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## **Health-care costs called a crisis**

10:59 PM 10/28/03

Ken Singletary Assistant business editor

MILWAUKEE - A panel of business, health-care and government officials agreed that rising health-care costs constitute a crisis, but they differed on how to rein in those costs.

The panel, which has been studying health-care costs for six months, presented its findings at the fourth annual Wisconsin Economic Summit here Tuesday. <

Health-care costs are a "dark cloud," said Don Davis, chairman and chief executive officer of Rockwell Automation, "that is truly threatening the vibrancy of our local businesses."

Davis said companies in southeast Wisconsin may pay as much as \$6,000 per employee each year in health-care costs, while the national average is \$4,800. During 2004, costs are expected to rise by 23 percent for businesses in southeast Wisconsin and 13 percent for the nation.

Behind the rising costs are trends ranging from greater use of technology to unhealthy lifestyle choices, the panelists said. Alan Jacobs, president and chief executive officer of the WEATrust, said technology has increased costs in health care by prolonging lives, breeding the need for more technology.

Health care is not a market-driven field in which supply and demand determine price, said Linda Reivitz, nursing faculty associate at UW-Madison. Instead, an increase in supply choices, such as hospitals, drives up demand and increases costs.

The group said a primary method for addressing rising costs is better-informed consumers.

Chris Queram, chief executive officer of the Employer Health Care Alliance Cooperative in Madison, said more information needs to be provided to consumers about their health-care choices. He recommended a health literacy campaign.

And he said health-care providers and consumers should share in decision making and collaborate in care more than they have.

Mary Starmann-Harrison, regional president and chief executive officer of St. Mary's Hospital in Madison, said valid health-care data that everyone can understand is needed. At the same time, consumers need to take more responsibility for their lifestyle choices, the panelists said.

Excessive alcohol use, overeating and tobacco use are leading causes of preventable illnesses, they emphasized.

David Newby, president of the state AFL-CIO, called for a public-private partnership that reduces administrative and prescription-drug costs, which he called exorbitant.

State Rep. Gregg Underheim, R-Oshkosh, said the Legislature can work to make information more available and useful to consumers, and can help create more competition in the health-care marketplace. However, he said, lawmakers are cautious and need "a voice of moral authority" to guide them.

The state's universities can take on that role, he said, by asking "thorny, specific and challenging questions" even if they may entail risk.

The two-day economic summit at the Midwest Airlines Center, drew 775 people. Sponsored by the University of Wisconsin System and a host of state businesses, Tuesday's sessions also included talks on the state's economic challenges and the performance of key industry clusters.

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# WISCONSIN ECONOMIC SUMMIT IV

Oct. 27-28  
UW Economic Summit IV  
Midwest Airlines Center  
Milwaukee

## **Doyle warns Legislature not to get distracted from economic reform**

By Gregg Hoffmann

MILWAUKEE -- Gov. Jim Doyle called on legislators today to "get focused on creating jobs and not get bogged down in ideological debates" over social issues such as concealed weapons and defining what is marriage.

Doyle sparked laughter and applause during his keynote address to the Wisconsin Economic Summit audience when he asked, "Would you rather have 400 guns in this room right now or 400 entrepreneurs? I think the answer to that is clear."

In a sit-down session with the media after his address, Doyle said his two major concerns about economic development in the state were that lawmakers would not act "forcefully, boldly and decisively enough" to help create jobs and instead would "get sidetracked" on some of the social issues that have been debated in the Legislature lately.

"What will determine the future of this state is not whether we have concealed weapons at Little League games, or yet another law restating what the definition of marriage is," Doyle said. "Instead of rehashing the same debate over divisive social issues, we should spend our time working together to get our economy moving again."

Doyle outlined the major principles of his "Grow Wisconsin" economic plan during his address. The governor said his proposals are meant to general more venture capital, promote entrepreneurship and reform regulatory policy.

"Wisconsin has a long tradition of entrepreneurs who turned good ideas into great companies, and turned those companies into household names - entrepreneurs like Sam Johnson, John Michael Kohler, and William Harley and Arthur Davidson," Doyle said.

"But, if we want to add new names to that roster, we need to attract more capital -- especially seed and early stage capital -- in Wisconsin."

Doyle said any models for economic growth must meet five principles:

1. The plan must be affordable because the budget cannot be broken after working so hard to balance it.
2. The plan must target resources on seed and early-stage companies because the greatest capital need is helping to jump-start more companies.
3. It must be focused on creating jobs at the high end.
4. The money must go to capital markets and job creation, not administration and overhead.
5. The plan should leverage additional resources from the private sector.

The governor said the University of Wisconsin System -- the major sponsor of the summit -- will play a key role in his Grow Wisconsin plan, despite the budget cuts he forced upon the system.

Doyle said 35 of the initiatives he outlined in Grow Wisconsin have already been accomplished, and that 60 more projects are underway. He cited Assembly Bill 2, a which modernizes the state financial law, as one example. He also pointed to yesterday's agreement on streamlining the regulatory process for power generation facilities .

"None of this means automatic approval for environmentally harmful projects," Doyle said. "If a company's permit application to dump cyanide in a river gets lost under a mound of paperwork at the Department of Natural Resources, Wisconsin shouldn't have to suffer with poison in our waters. Instead of trashing the environment, I believe we should hold agencies accountable for the mistakes of the bureaucracy."

In the media session, Doyle:

- Said he believed the Crandon mine will not be built under Native American ownership, and that Wisconsin would be better off because of it. "I do not believe those mining jobs are where we want Wisconsin to go," Doyle said. "States that are doing well have emphasized their quality of life and environment."
- Emphasized that decisions on permits for coal-powered plants in Oak Creek would be "made by an independent regulatory agency," the Public Service Commission. "The time for politics is over," he said about the debate over the plants.
- Doubted that he would endorse candidates in either the Milwaukee mayoral race or county executive race, where departing budget director David Riemer has announced his candidacy. Doyle said he "would have to wait to see" before he followed Lt. Gov. Barbara Lawton's lead in backing a candidate for president. Lawton is backing Gen. Wesley Clark.

Doyle said he feels "there are many good Democrat candidates" and with GOP President George Bush "looking weaker and weaker", and with the state primary moved up to February, "Wisconsin could play a big role in electing a president."

- Concluded "Wisconsin isn't its own little economy." Much of the strength or weakness of economic recovery here is tied to national and international economics. "But I think we have the opportunity to position ourselves for when the economy recovers," he said.

*--Hoffmann is a veteran journalist and senior lecturer in journalism and mass communication at UW-Milwaukee. He writes the weekly Milwaukee Insight column for WisPolitics.com.*



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Tuesday, October 28, 2003  
Contact: Jessica Erickson, 608-261-2156

## **Governor Jim Doyle's Address to Wisconsin Economic Summit IV**

As most of you know, I am a proud graduate of the University of Wisconsin-Madison. I often tell audiences that when I was growing up, the UW was second only to the Catholic Church in the Doyle household when it came to adulation and respect. And my respect and admiration has not diminished, despite a stifling budget deficit, a stagnant state and national economy, and Saturday's heartbreaking loss at the hands of Northwestern.

I had to ask the UW to take some tough cuts in order to help get the state budget back on track. I am proud of the way that President Lyall, the Regents, Chancellors – and all UW students and parents as well — accepted the challenge. I love the University of Wisconsin System and all that it represents. It manifests everything that is good, hopeful, progressive, brilliant and innovative about our state and its citizens. As long as I am governor, the UW System will be one of the jewels of our crown.

The UW System is the producer of two of the state's top commodities – knowledge and graduates – and we will need an abundance of both if we are to remain competitive, and prosperous, in the 21<sup>st</sup> century.

The UW System is a key partner in my "Grow Wisconsin" Initiative, a comprehensive agenda of action to get Wisconsin's economy moving again, producing good paying jobs that enable workers to support their families, buy a home and enjoy all the benefits that Wisconsin has to offer. The heart of our strategy is to capitalize on our substantial strengths – a high quality of life, natural beauty, a legacy of innovation, a hardworking, highly-educated workforce that is second to none in the nation. And, of course, building upon the best education system in the nation, including our world renowned public university and technical college systems.

There has been a tremendous amount of good work done over the years identifying Wisconsin's challenges and suggesting solutions. The UW Summits have been particularly valuable, and have helped build consensus about what needs to be done. And now the time has come for action.

When I announced "Grow Wisconsin," I said it wasn't going to just sit on a shelf, and I meant it. I'm proud to report that working together, we have already been able to accomplish at least 35 of initiatives I outlined. Many of these ideas had been languishing in the Legislature for years – but in a few short months we got them done.

- MORE -

Tuesday, October 28, 2003

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Last week, I signed a long overdue bill to modernize our financial laws and bring hundreds of millions of dollars of new investment to Wisconsin.

Yesterday, I announced a bipartisan agreement with legislators to streamline the regulatory process and cut approval times for power generation facilities in half.

I signed a bill – which previous administrations failed to pass – eliminating the tax on companies that create jobs.

I've introduced legislation to increase funding for Wisconsin's Youth Apprenticeship Program, and I am working with Senator Bob Wirch and Representative Terry Van Akkeren to get it passed.

I held a Manufacturing Summit earlier this month to call attention to the 56,000 manufacturing jobs we have lost, and to find solutions.

I have a bipartisan bill on my desk to expand the technology zone tax credit program.

Dozens of other initiatives, large and small, have been completed – from launching the Business Wizard to balancing the budget without a tax increase. And more than 60 other projects are underway. In total, it represents a strategy to unleash over \$1 billion in public and private investment. It includes efforts to reform regulations, invest in businesses, invest in people, and improve the business climate.

As part of this effort, I believe we should set the goal of implementing the most aggressive regulatory reform policy in the Midwest. I believe that we can fundamentally reform the way our agencies work, becoming faster, more efficient, and more responsive without lowering standards or jeopardizing safety.

In the nine months I have been in office, we have already made real progress toward that goal. We've streamlined the process for power plants and power line siting. We have cut the average approval time on water permits from 110 days six years ago to 34 today. When I took office, DNR had a backlog of more than 500 air permits – including some that had been awaiting action for years – but we've cut that backlog in half and are moving toward eliminating it.

Only two other Midwestern states have time limits for issuing air permits. Today, I am setting a goal to have the most aggressive time limits on permits by the end of the year. I have had productive conversations with the Legislature on this topic. But let me repeat myself. My goal is to have the most aggressive regulatory reform policy in the Midwest. Whether we accomplish this through legislation or executive action, I will move forward by the end of the year.

Let me tell you one thing I won't do. I will not agree to a system of automatic approval of environmentally harmful projects simply because a deadline passes. If a company's permit application to dump cyanide in a river gets lost under a mound of paperwork at the Department of Natural Resources, Wisconsin shouldn't have to suffer with poison in our waters. Instead of trashing the environment, I believe we should hold agencies accountable for the mistakes of the bureaucracy.

A second component of "Grow Wisconsin" is to make a major investment in our businesses.

- MORE -

Today I'm challenging the Legislature to pass a bill this session to help manufacturers. My proposal is to provide funding for our Manufacturing Extension Partnerships and offer grants to help manufacturers improve their productivity, innovate, and introduce new products. This initiative will tap the resources of the University of Wisconsin, the Technical Colleges, our Manufacturing Extension Partnerships, and other organizations to help manufacturers improve their productivity, introduce new products, and compete globally.

We must also promote technology and life science companies that add octane to our economy. Across our state, we have innovative institutions like the UW, the Medical College of Wisconsin, and the Marshfield Clinic. They are making tremendous scientific advances in biotechnology, stem cell research, and other fields – discoveries that may lead to cures to some of humanity's oldest and deadliest diseases. These innovations will not only improve our lives – they present limitless opportunities to create new industries and new jobs that will power our economy for decades to come.

We need to encourage WARF and WiSys to unleash this technology and to redouble their efforts to build Wisconsin companies. And we need to build on them by helping a new generation to become entrepreneurs.

Wisconsin has a long tradition of entrepreneurs who turned good ideas into great companies – and turned those companies into household names. John Kimberly and Charles Clark, William Harley and Arthur Davidson, Sam Johnson, John Michael Kohler, John Menard, Frederick Miller, and others. In the years ahead, we can add new names to that roster.

But to do so, we need to attract more capital, especially seed and early stage capital. At the height of the technology boom, Wisconsin attracted one-sixth as much venture capital as Minnesota.

My proposal focuses on investing venture capital funds at the seed and early stage. It will leverage the private sector to generate over \$300 million of investments in Wisconsin companies. And it will put every dollar of that capital directly in the hands of innovative companies that will use it to create new products and new jobs.

A number of legislators have proposed other models. I'm willing to work with them on details, but whatever I sign must meet these five principles.

First, the plan must be affordable. We cannot bust the budget after working so hard to balance it.

Second, the plan must target resources on seed and early stage companies. The greatest capital need we have is helping to jump start more companies.

Third, the plan must be focused on creating jobs at the high end – the kind of jobs that pay high wages, support families, and grow the economy.

Fourth, the money needs to go to capital markets and job creation, not administration and overhead.

And fifth, given our limited resources, any plan should leverage additional resources from the private sector.

The Legislature is giving a lot of attention to venture capital, investments in business, and regulatory reform. That's good. But let's never forget what's at the heart of Wisconsin's economy now, and will be the key to our future – our hardworking people.

We have some of most productive, highly skilled workers in the world – thanks in no small part to many of you in this room who help teach in our public schools, technical colleges, and universities.

The Legislature should build on our strength, and work with me to pass the worker training bill I have proposed in "Grow Wisconsin." This proposal will help train workers on new technologies and equipment to move up the economic ladder.

The overall goal of these efforts is to create more opportunities and make Wisconsin a better place to live. We need to work steadily to raise Wisconsin's per capita income and boost it past the national average. Reaching this goal will mean that more families can buy a home, send their kids to college, and have a secure retirement. It will help us invest in education and health care without raising taxes. In fact, if our wages were just at the national average, our deficit would have been \$1.1 billion smaller.

I want to close by challenging the Legislature to get focused on creating jobs, and not get bogged down in ideological or partisan fights. What will determine the future of this state is not whether we have concealed weapons at Little League games, or yet another law restating what the definition of marriage is. Would we be better off with 400 guns in this room, or 400 more entrepreneurs? I think the answer is obvious. Instead of rehashing the same debates over divisive social issues, we should spend our time working together to get our economy moving again, so that families can achieve their dreams.

When we come back a year from now, I want to be able to report that we've reformed regulation, that we've injected capital into our economy, helped workers get the training they need, and most importantly, created new jobs.

With a new focus on what really matters, with a commitment to work together and pool our talents, energy and resources, I believe we can fulfill Wisconsin's promise. Our children deserve a strong, vibrant economic future, full of opportunity for all those willing to seize it. Our challenges may be great, but our potential is limitless. It's time to Grow Wisconsin.



## LATEST NEWS

2:33 PM CST Tuesday

### Doyle proposes regulatory reform

Gov. Jim Doyle Tuesday called for aggressive regulatory reform policy seeking to impose time limits on issuing air permits by the end of the year. Whether by legislation or executive action, Doyle said he would push to reform state agencies to become more responsive in issuing air permits.

Speaking at The Wisconsin Economic Summit in Milwaukee, Doyle added, however, that he would not agree to a system of automatic approval of environmentally harmful projects simply because a deadline passes.

"If a company's permit application to dump cyanide in a river gets lost under a mound of paperwork at the Department of Natural Resources, Wisconsin shouldn't have to suffer with poison in our waters. Instead of trashing the environment, I believe we should hold agencies accountable for the mistakes of the bureaucracy."

Doyle also announced that he would push for legislation to generate more than \$300 million in venture capital investments from the private sector for Wisconsin entrepreneurs. He said he would work with legislators that have already proposed other economic development models.

On Monday, Doyle announced he had reached an agreement with key Democrat and Republican legislators to enact a law to streamline approval of utilities facilities by the end of November.

State Rep. Scott Jensen, who worked closely with the Doyle administration on the agreement, said a joint hearing was scheduled for Thursday on the proposal and the full Legislature could get the bill in the first two weeks of November.

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## **Gov urges bipartisan efforts to create jobs**

By Matt Pommer  
October 28, 2003

Gov. Jim Doyle today urged the Legislature "to get focused on creating jobs, and not get bogged down in ideological or partisan fights."

In a speech prepared for the Wisconsin Economic Summit in Milwaukee, he urged the Legislature, controlled by Republicans, to stop "rehashing divisive social issues" such as gay marriage and concealed weapons and work together "to get our economy moving again."

"What will determine the future of this state is not whether we have concealed weapons at a Little League game or yet another law restating what the definition of marriage is," he said.

"Would we be better off with 400 guns in this room, or 400 more entrepreneurs? I think the answer is obvious."

Last week the GOP-controlled Senate passed a bill to end the state's 130-year ban on concealed weapons. The GOP-controlled Assembly passed a bill to change the definition of marriage from a "husband and wife" to a "man and woman."

The Legislature also is pressing ahead to grant environmental permits automatically after deadlines pass. Doyle threw cold water on that idea.

"Let me tell you one thing I won't do," he said. "I will not agree to a system of automatic approval of environmentally harmful projects simply because a deadline passes.

"If a company's permit application to dump cyanide in a river gets lost under a mountain of paperwork at the Department of Natural Resources, Wisconsin shouldn't have to suffer with poison in our waters.

"Instead of trashing the environment, I believe we should hold agencies accountable for the mistakes of the bureaucracy," Doyle said.

Along those lines, he vowed to create "the most aggressive regulatory reform policy in the Midwest."

Doyle also stressed that the University of Wisconsin will play a key role in the economic growth of the state.

"I love the University of Wisconsin System and all that it represents. It manifests everything that is good, hopeful, progressive, brilliant and innovative about our state and its citizens," Doyle said.

The governor said that when he was growing up, the university was

second only to the Catholic Church "when it came to adulation and respect" in his family.

The UW System is the producer of two of the state's top commodities - knowledge and graduates - "and we will need an abundance of both if we are to remain competitive, and prosperous, in the 21st century," he said.

Doyle also said he is willing to work with legislators on the details of a plan, but it must be affordable, target seed and early stage companies, focus on creating high-paying jobs, be used for capital market and not administration and overhead, and leverage private sector money.

The governor cited gains since he took office, including:

A new law overhauling financial law to help investments.

A bipartisan agreement to streamline the regulatory process for power-generating facilities.

Reducing the time for water permits from 110 days to 34 days, and cutting in half the backlog of air permits sought from the DNR.

*E-mail: [mpommer@madison.com](mailto:mpommer@madison.com)*

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## Commerce Head Says State Needs New Businesses

Wisconsin State Journal :: LOCAL/WISCONSIN :: B1

Tuesday, October 28, 2003

Judy Newman Business reporter

MILWAUKEE

Wisconsin ranks 47th among the 50 states in entrepreneurial activity and that has to change, Wisconsin Commerce Secretary Cory Nettles said Monday.

"We just don't have enough people starting new businesses," Nettles told a workshop at Wisconsin Economic Summit IV at the Midwest Airlines Center.

It's not for lack of interest. Erica Kauten, director of the UW-Extension Small Business Development Center in Madison, said her organization has sent more than 1,500 people through classes on how to prepare a business plan over the past year and a half.

But entrepreneurship doesn't happen overnight, Kauten said. "It takes time for it to grow."

Peter Zaballos, of Frazier Technology Ventures of Seattle, said Wisconsin is "technology rich and underserved" by venture capital. Frazier will take \$45 million from the state Investment Board and pump it into Midwest technology businesses. The Robert W. Baird & Co. investment firm in Milwaukee will manage another \$45 million from the board, also for technology companies.

Zaballos said since he started working in Madison in August, he's looked at about 35 companies; of those, three have products generating revenue.

"I've been pleasantly surprised with the breadth and depth of what I saw," said Zaballos, Frazier's Midwest vice president. "There's an abundance of companies with strong technologies," not only biotechnology but also software technology, which came as a surprise to the West Coast firm. But mostly, Zaballos said, potential entrepreneurs in Wisconsin are hungry for advice.

Frazier Technology Ventures plans to open an office in Madison; Zaballos is temporarily lodged with the Foley & Lardner law firm.

Setting up a Midwest hub was "a sound decision, ahead of the curve," he said. "Because we really like what we see here."

But Zaballos said Wisconsin is lacking two important things: investment capital and experienced technology business executives. Wisconsin gets 6 percent of venture capital nationwide -- money that's used to help

promising ideas go commercial or to give a small company a chance to grow.

Zaballos wants to bring people to Wisconsin from coastal venture firms to serve as "critical enablers" to help develop companies here.

Kris Martinsek, who owns a Milwaukee consulting firm, asked the panel what the state is doing to help people who want to start businesses that have nothing to do with technology. "It shouldn't be either/or; it should be both," she said.

"The fastest growing businesses -- they're not technology. It's Starbucks. It's someone who's figured out a way to sell a 25-cent cup of coffee for \$3," said Martinsek, recently named by Gov. Jim Doyle to chair the Wisconsin Women's Council.

The economic summit continues today.

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## BUSINESS

Posted Oct. 28, 2003

### Economic study rolling along

Regional report due next summer

By John Dipko

Press-Gazette Madison bureau, [jdipko@greenbaypressgazette.com](mailto:jdipko@greenbaypressgazette.com)

MILWAUKEE — Several Northeastern Wisconsin agencies are off to a running start in their quest to strengthen the region's long-term economic prognosis.

The first phase of a study designed to ensure a bright economic future for a 16-county region is nearly complete, and the final two phases should be complete in time for the study to be rolled out next summer.

Details about the creation of the NorthEast Wisconsin Economic Opportunity Study surfaced during the first day of the Wisconsin Economic Summit IV at the Midwest Airlines Center.

The two-day event is drawing hundreds of business officials, educators and others to discuss the state's changing economy.

The study will cull the expertise of work-force development boards in the Green Bay and Fox Cities areas along with economic development and planning agencies, the University of Wisconsin-Extension and NorthStar Economics Inc., a Madison-based economic consulting firm.

Peter Thillman, economic development director for Green Bay, said communities have an opportunity to look beyond jurisdictional lines for ways to grow the region's economy.

The study also will provide hard data for politicians who may be called upon to pass measures that foster economic growth, he said.

"The hope would be (that) parochial actions yield regional benefits," Thillman said.

The first two phases of the study include data and trend analysis, including a historical look at employment, income and other demographic factors.

The second phase includes projections of similar data until 2020, includes benchmarks of economic measures and starts to explore the notion of regionalism, said David Muench of the UW-Extension-Outagamie County.

"We need to think bigger," Muench said.

The final phase of the study will include an economic development strategy in county clusters, metropolitan areas, cities and corridors such as the Fox River Valley.

It also will assess the region's opportunities, study per-capita income in 2020 based on several factors and look at existing and potential industries.

Finally, the third phase will map connections between businesses and communities in the economic region, facilitate planning sessions for local communities and recommend actions to foster economic growth.

The study includes Brown, Calumet, Door, Fond du Lac, Green Lake, Kewaunee, Manitowoc, Marinette, Marquette, Oconto, Outagamie, Shawano, Sheboygan, Waushara, Waupaca and Winnebago counties.

State Department of Workforce Development Secretary Roberta Gassman said a focus on work-force skills and future need is a key to turning Wisconsin's economy around.

"State government is here to help and here to be a partner," she said.

Most of the funding for the project will come from the Fox Valley Workforce Development Board and Bay Area Workforce Development Board. Those agencies will contribute a combined \$150,000 using federal funding.

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# WISCONSIN ECONOMIC SUMMIT IV

Oct. 27-28  
UW Economic Summit IV  
Midwest Airlines Center  
Milwaukee

## **Public-Private Partnership to Study NE Wisconsin Unemployment**

By Gregg Hoffmann

MILWAUKEE -- In the past 24 months, the Northeast region of Wisconsin has lost 35 percent of its manufacturing jobs.

Replacement wages of displaced workers who are re-employed average only 85 percent of those lost jobs. So, public and private sectors have joined for a study that could lead to proposed action by June of 2004.

The NEW Economy Study (The Northeast Wisconsin Economic Opportunity Study) was announced Monday at the Wisconsin Economic Summit at the Midwest Airlines Center.

"This study is designed to get critical data from which to work," said Rob Kelman, chair of the NEW Economy Committee. Kelman said the study consists of three stages -- the first of which is almost completed.

Planning Commissions from 16 counties and other entities are providing history on employment, income and demographic trends in their areas. In Phase 2, the UW-Madison Extension and other groups will analyze that data, identify industries with high growth potential and make economic projections to the year 2020 for the region.

Northstar Economics Inc. will then enter the process in Phase III and work with private and public partners on developing actual strategies for the region. Clusters of communities and industries will be considered. Development corridors through the Fox Valley and along the lake shore, from Door County to Sheboygan County, will be explored.

"We feel we can have some real recommendations ready by next June," said Cheryl Welch, executive administrator of the Fox Valley Workforce Development Board.

Roberta Gassman, secretary of the state Department of Workforce Development, called the cooperative effort a good example of what Gov. Jim Doyle is pushing in his Grow Wisconsin plan.

"Manufacturing has particularly been hit hard. The Northeast region of the state has been hit even harder," Gassman said. "We need to know what kind of skills workers will need. What do the high value employers need? This partnership is taking it in the direction where policy makers can make thoughtful, deliberative plans."

The Fox Valley and Bay Area DWDs are paying the majority of the cost of the study, up to \$150,000. Local economic development partners have committed \$500 each for the project.

**BUSINESS**

Posted Oct. 23, 2003

**NEW survey will steer job dollars**

Regional project aims to analyze, create strategies

**By Avi Stern***Post-Crescent business editor*

To explain the driving force behind a vast new survey of the area's business climate, Cheryl Welch needs only cite a single sobering statistic.

"We have lost one out of every three manufacturers in the region during the last 2½ years," says the executive administrator of the Fox Valley Workforce Development Board. "We are losing our living wage jobs."

While its name is a mouthful — the project's formal title is the Northeast Wisconsin (NEW) Economic Opportunity Study — its mission is straightforward: "We need to determine where are the opportunities as we move forward," said David Muench, community resource development educator with the UW-Extension.

Plowing public and private dollars into job training and re-training without knowing the viable, growing employment sectors of the future is like "shooting a gun into thin air," he said.

Welch's organization and its sister branch, the Bay Area Workforce Development Board, will pick up a large portion of the project's \$150,000 tab. They will coordinate the undertaking that encompasses 16 counties.

The initiative is not unprecedented: The Northern Edge project, currently underway, unites 29 counties in the northern half of Wisconsin in a similar effort to forge an economic strategy.

The northeast Wisconsin project is divided into three phases:

- By mid-November, the East Central as well as Bay Lake regional planning commissions will have surveyed historical and current patterns in demographics, population, income, etc. "We want to know what industries are out there now," Muench said.

- By year's end, the UW-Extension will have surveyed marketplace trends. "We'll make occupational forecasts to see where the future growth is going to be," Muench said.
- By June, Madison-based consulting firm NorthStar Economics will provide strategies to guide the region. "It's not one-regional-plan-fits-all," Muench said. "It will be directed at various sub-regions; it will be manageable that way. What works in Marinette and Oconto is different than Green Lake and Marquette, which is different than Manitowoc and Sheboygan."

"This study will help us get our money into the best spots during the next two years," Welch said. "It will highlight the employer potential for individuals. It will help match skills to employer needs."

*Avi Stern can be reached at 920-993-1000, ext. 439, or by e-mail at [astern@postcrescent.com](mailto:astern@postcrescent.com)*

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## MILWAUKEE INSIGHT

### Building on Diversity

10/28/2003

By Gregg Hoffmann

MILWAUKEE -- If Milwaukee is really going to become the "urban anchor" of the Wisconsin economy, it is going to have to capitalize on its diversity.

That seemed to be a consensus among panelists for the "Urban Anchors: Building the 21st Century Milwaukee" session at Monday's Wisconsin Economic Summit.

Lois Quinn, a senior researcher at UW-Milwaukee, said the four-county area of the Greater Milwaukee region will have a "flat labor force" over the next several years, largely because of retiring baby boomers.

Waiting to fill some of those jobs, however, is a wealth of young minority people. According to Quinn, Milwaukee has the youngest African-American population among 100 large cities in the country.

Its Asian population ranks as the fourth youngest, and Latino ninth, according to Quinn. "The minority population is young and growing," she said. "That population will fill much of our labor force. We also need to attract educated young people."

Of course, that population also needs access to adequate education and training for higher-paying jobs. That's where some of Gov. Jim Doyle's "Grow Wisconsin" ideas can come into play, according to some of the other panelists.

Two Doyle appointees -- Antonio Riley, executive director of WHEDA, and Michael Morgan, secretary of the Department of Revenue -- emphasized the job training and education aspects of Grow Wisconsin.

David Riemer, the departing Doyle budget director and a recently announced candidate for Milwaukee county executive, listed education as one of four essentials for a thriving urban economy. Riemer also listed the basics of infrastructure and needed services, a superior quality of life and connections for people to the job market.

Milwaukee has a way to go in developing these areas but has more in place already than many people know. For example, Quinn said that the stereotype inner city block "where nobody works" doesn't exist, according to her research.

In fact, people living in the North Division High School neighborhood have an economic impact of \$67 million per square mile. Meanwhile, in a similar neighborhood around Oak Creek High School, the figure is \$20 million per square mile. That's largely because of the concentration of population in the city.

This concentration also creates markets. Morgan said 5,000 businesses exist in the so-called central city. And 26,000 manufacturing jobs, half of those in the metro area, can be found there.

What is needed to help these businesses thrive, and spur new ones, is more venture capital and investment, better transportation so workers can get to jobs, and government that helps the private

sector create jobs, the panelists agreed.

Several panelists mentioned the Menomonee Valley as tying in with inner city economic development. Julie Penman of the city's Department of Development said the valley is ideally situated to attract workers from the south and north in the city, as well as from the suburbs.

All the panelists also agreed that Milwaukee has to overcome some urban legends and stereotypes to better market itself. But, to this columnist, one of the encouraging things about the panel discussion was that it did not focus only on better public relations and hype to change the image of Milwaukee.

There have been too many such efforts in the past. The panelists Monday seemed to understand that substantive economic development, and improvement in the quality of life in Milwaukee, has to continue. For that to happen, the community has to embrace its diversity, and make it an asset.

#### **--Riemer as Politician--**

At the Economic Summit, Riemer was making some of his first public appearances since announcing he will run against Scott Walker for Milwaukee County executive.

Riemer brings credentials as a behind-the-scenes architect of economic policy and plans at several levels of government. He served as Mayor John Norquist's budget director for a number of years and understands Milwaukee.

It will be interesting to see how he makes the transition to candidate for a rather visible position like county exec. Riemer made a soft-spoken, thoughtful presentation at the panel discussion on Monday. Will his style succeed in this era of in-your-face discourse, and so-called negative politics?

#### **--A quiet passing--**

For any longtime observer of Milwaukee politics, you could not help but be struck by how quietly Gary George's career ended in last week's election. Just over 7,000 people - fewer than 10 percent of the eligible voters in the 6th Senate District - managed to oust a man who once was considered the most powerful minority politician in the state.

Maybe the recall election itself was anti-climatic after all the other controversy that has surrounded George over the years. After all, he was going to court over the recall only days before the actual election was held.

Now, it will be interesting to see if George just fades into the sunset, in Grafton or elsewhere, or re-emerges in some other capacity. This writer would bet on the latter.

*-- Hoffmann is a veteran journalist and senior lecturer in journalism and mass communication at UW-Milwaukee. His next Milwaukee Insight will run Nov. 10.*

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## More female corporate officers urged

### Firms lagging in women board members, study says

By **KATHLEEN GALLAGHER**  
[kgallagher@journalsentinel.com](mailto:kgallagher@journalsentinel.com)

**Last Updated: Oct. 27, 2003**

Milwaukee Women inc is planning to meet individually with local top executives to urge them to appoint more female corporate officers and directors, and, if asked, will help companies find qualified women for those positions.

"Milwaukee Women inc will have a little sit-down with the heads of our corporations," Joan Prince told about 70 people during a session about women in corporate leadership at the Wisconsin Economic Summit.

Prince, vice chancellor at the University of Wisconsin-Milwaukee, presented preliminary research showing Wisconsin's 50 biggest public companies have fewer female board members (9.3%) than the companies in the Fortune 1000 (10.9%) or the 50 biggest companies in Chicago (11.6%), the preliminary results show.

The Wisconsin 50 have the same number of female corporate officers (12%) as the Chicago 50, although fewer than the Fortune 500 (16%), the preliminary data said.

The final study - funded by Milwaukee Women inc and researched by the Public Policy Forum - is called "Diversity and Tomorrow's Profits: A Census of Women in Corporate Leadership" and will be available early next year, Prince said.

Prince was one of five panelists to discuss the preliminary data.

The Wisconsin 50 have made "a little bit of progress, but clearly it's not even remotely satisfactory," said Paul E. Purcell, president and chief executive officer of Robert W. Baird & Co. Inc.

He advised women who want to reach top positions to get experience that teaches

#### Corporate Officers Study



*Photo/File*

Paul E. Purcell, president and chief executive officer of Robert W. Baird & Co. Inc.

them that profits are key. Candidates should be very involved in the community and avoid getting pigeonholed as having only one area of expertise, Purcell added.

Marc McSweeney suggested companies follow his firm's example by making sure women get good mentoring, improving maternity leave and reduced time programs, keeping data on their diversity progress and adjusting compensation so evaluations include how well employees help increase the firm's diversity.

McSweeney is a partner and diversity director at the Milwaukee law firm of Foley & Lardner.

"We need to be better not only because it's the right thing to do . . . but because it's also good business to make sure we are tapping the potential that can be additive to our corporate performance," said Dennis J. Kuester, president and chief executive officer of Marshall & Ilsley Corp.

Panelists were optimistic that women and minorities would have more board opportunities in the future.

The "feeder group" of qualified women is growing, and some board seats should be opening up in light of recent corporate scandals, said Deborah A. Beck, executive vice president at Northwestern Mutual Life Insurance Co.

Companies are more interested in board candidates with financial backgrounds than only top executives, she said.

Most who attended the session were women, with the notable exception of a top executive - Jeffrey Bleustein of Harley-Davidson Inc. - who arguably didn't need as much diversity coaching as some of his peers.

About 33% of Harley's corporate officers are female, and the company is ranked third among the Wisconsin 50 in that category.


From the Oct. 28, 2003 editions of the Milwaukee Journal Sentinel



*Photo/File*

Dennis J. Kuester,  
president and chief  
executive officer of  
Marshall & Ilsley Corp.

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 [Summit](#): Seeks ways to spur economy

# WISCONSIN ECONOMIC SUMMIT IV

**Oct. 27-28**  
**UW Economic Summit IV**  
**Midwest Airlines Center**  
**Milwaukee**

## **Proposed Racine Fund Would Bring Ideas to Market**

By David Wise

Entrepreneurs interested in tech-based exports may have easier access to capital with a new equity fund being created by the Racine County Economic Development Corporation.

The fund, which is now in the late planning and approval stages, would streamline the application and approval process and ease credit standards for entrepreneurs who headquarter their companies in Racine County said RCEDC's executive director, Gordy Kacala, at the University of Wisconsin System's Economic Summit in Milwaukee Monday.

"The new equity fund tries to address the whole idea of commercializing products by small businesses and entrepreneurs using existing money in a new kind of way," Kacala said.

Many tech startups have a hard time securing traditional loans because they are often risky endeavors and usually need access to smaller loans than traditional funds are geared toward offering, said Kacala. The proposed fund takes this risk into account, allowing for a whopping 75 percent default rate for companies who don't make it to the final stages of the program. With such a high projected default rate the fund aims to recoup money by charging interest of about 20 percent and by entering into a license agreement on sales. Companies that do not survive will not have to pay back loans, but will surrender the intellectual property rights to their technology.

To take advantage of the fund entrepreneurs must have an idea for a technology driven product that they demonstrate can be sold nationally or internationally.

Racine's Small Business Development Center along with the Center for Advanced Technology and Innovation in Racine will handle the review process for

applicants, instead of a traditional loan officer.

“With the intense review necessary for technology driven products you can’t just depend on one person. You have to have a team of people that can understand a whole lot of technologies that may be driving the products as well as the market,” Kacala said. The review will look at the stage of development of the product, its marketability and sustainability, not at companies’ financial record, Kacala said.

The fund would provide small loans ranging from \$15,000 to \$50,000 during various stages of product development. “We found that if you can get your money to technology-oriented businesses that need small amounts of money, who are running out of capital, that those business can become much more successful at a later point in time,” Kacala said.

The fund will use both private and public funds. “That will be very important as we go through this,” Kacala said.

Kacala’s presentation was part of a seminar on alternative ways to access risk capital. Other presenters included James Patterson, president of the Wyoming Capital Fund who discussed the challenges of attracting and funding businesses in rural areas and John Giegel, CEO of the Wisconsin Business Development Finance Corporations, who discussed various loan programs available through the state and federal government.

# WISCONSIN ECONOMIC SUMMIT IV

**Oct. 27-28**  
**UW Economic Summit IV**  
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**Milwaukee**

## **Regional Economic Partnerships Succeed Through Cooperation, Flexibility**

By David Wise

Regional partnerships are becoming an important force in attracting and retaining businesses in Wisconsin and members of several partnerships across the state shared their success stories at the University of Wisconsin System's Economic Summit in Milwaukee Monday.

Successful partnerships require cooperation between allied counties, flexibility and member participation and education, according to Penny Scheuerman of We Energies and the Southeast Wisconsin Regional Economic Partnership.

Operating on a budget of about \$64,000, the SWREP, which consists of seven southeast Wisconsin counties, works to market the area to out-of-state firms. The partnership conducts direct mailings, maintains a website (<http://www.wisrep.org>), does radio advertising, hosts education forums and sends teams of people to Chicago three times a year to solicit companies, Scheuerman said.

In addition to marketing efforts, the SWREP also works to "build from within," Scheuerman said, developing high-wage entrepreneurial growth and assisting companies with gaining access to capital.

By pooling resources through regional cooperation towns, cities and counties can attract and grow businesses more effectively than they could by going it alone. But getting municipalities to subordinate their local interests to those of the region can be challenging, according to experts.

Non-competition between cities is essential to making regional partnerships work, said Barb Fleisner, vice president of the Central Wisconsin Area Economic Development Council. The whole region benefits when a business moves to the area. "It doesn't matter where a business locates in a region," Fleisner said.

This can be a hard concept to sell. Cities have a lot to gain in terms of immediate jobs and tax revenue if a business locates within its borders. One solution to overcoming this would be greater revenue sharing among counties in partnerships, Fleisner said.

The CWAEDC markets central Wisconsin by emphasizing low land costs, low taxes, its central location and its allure as the gateway to the recreational opportunities of northern Wisconsin. Illinois residents who make treks to northern Wisconsin getaways are greeted by signs on their return trip that say, “you could be home now.”

Regional partnerships can go further than marketing and education. They can also act as strong lobbying groups to push for regulatory reform.

Momentum Chippewa Valley organizes the Chippewa Valley Rally in which it sends about 100 representatives to Madison to meet with legislators and discuss issues relevant to the region. The next rally is planned for January 28 and 29. A key issue will be restoring passenger rail to replace the old “400” line which cut through the Chippewa Valley, said Momentum’s director, Darcy Way.

Momentum serves Chippewa, Eau Claire and Dunn counties and has a strong high tech, manufacturing and educational focus.

For more information on regional partnerships visit the Wisconsin Economic Development Association, <http://www.weda.org>.

# WISCONSIN ECONOMIC SUMMIT IV

**Oct. 27-28**  
**UW Economic Summit IV**  
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## **State Bioscience Industry Continues to Grow**

By Gregg Hoffmann

MILWAUKEE – While manufacturing jobs have evaporated around the state, bioscience jobs have increased.

That's according to the 2004 Bioscience Wisconsin report from the Wisconsin Association for Biomedical Research & Education. Gale Davy, executive director of the WABRE, said the biomedical business is "burgeoning" in Wisconsin, with 248 companies, employing 19,328 workers, with \$4.76 billion in sales.

"The average age of the companies in the report is 13 years," Davy said. "Thirty percent of the companies have been founded in the past five years."

Many of these companies are spun off by university researchers and other scientists. Research scientists at Wisconsin institutions will continue to use \$500 million in research dollars from sources outside the state to the Wisconsin economy.

Davy acknowledged that bioscience-related jobs remain a relatively low percentage of overall jobs in Wisconsin. "Even though it is a small part it is a growing area," she said. "The jobs in the industry also tend to be high paying. I think in the long term biosciences will be a driving force in this century's economy."

For this prediction to come true, there has to be sufficient investment in bioscience, Davy said.

Davy also said animal rights groups and "anti-science" interests also pose a threat to the industry. Misguided regulations on the state and local levels also could hurt the growth of bioscience, she added.

The report includes several recommendations:

- Congress must continue to adequately fund the National Institutes of Health. Davy said NIH grants have contributed more than 80 percent of the funds for research in Wisconsin.

- Funds to other health and science agencies should be increased.
- The state of Wisconsin should make a larger financial commitment to technology transfer and development of bioscience.
- Bioscience should be regulated at the federal level. Local and state governments should resist over-regulation and attempts to legislate "anti-science" measures.
- Education funding in the bioscience field should be increased.

"Public investment in this field is important," Davy said. "We will not see development if we become complacent. Our scientists compete against others around the world for funds."

A press conference about the report was held at the Wisconsin Economic Summit Monday. Its public release will be at 8:30 a.m. Wednesday, in the Governor's Conference Room of the State Capitol.

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## **Biotech Thrives In Wisconsin**

### **And Nearly Half Of The Companies In The State Are In The Madison Area**

**Wisconsin State Journal :: FRONT :: A1**

**Sunday, October 26, 2003**

**Judy Newman Business reporter**

Wisconsin's biotechnology industry is alive and vibrant, providing nearly 20,000 jobs and pumping about \$5 billion into the state's economy last year, a study shows.

And the Madison area -- home to nearly half of the 248 biotech companies in Wisconsin -- is the epicenter.

"You name it ... if there's (an issue) relating to bioscience, there's probably someone doing research on it in Wisconsin," said Gale Davy, executive director of the Wisconsin Association for Biomedical Research in Milwaukee.

The association has compiled the first census of biotechnology companies throughout the state. The study, Bioscience Wisconsin 2004, will be presented Monday at the Wisconsin Economic Summit in Milwaukee, the fourth annual gathering of academic, government and business leaders to mull over ways to create more high-paying jobs and boost Wisconsin's economy.

Biotechnology is one way to do that, Davy said.

Right now, biotechnology represents about 3 percent of all manufacturing in the state. "But the bioscience industry in the United States and Wisconsin is one of the fastest growing segments of the economy and I think that makes it more significant," Davy said.

Even as Wisconsin's traditional manufacturing companies have shed 80,000 jobs since 2000, there's been "significant growth" in biomanufacturing jobs during that period, both in the state and nationwide, Davy said.

"It's not going to replace manufacturing ... but it's an important part of manufacturing and I think it's going to become an increasingly important part," she said.

Wisconsin bioscience researchers also are bringing in \$500 million this year in grants and awards from outside the state, according to the study.

Two of every three biotechs in Wisconsin didn't exist before 1989; 30 percent were established in the past five years. Many of them are small companies, but others, such as Promega Corp. in Fitchburg, with 750

employees worldwide and \$130 million in annual sales, have grown and spawned other companies.

"When you have a segment of your economy that can grow, even in a recession, even when investment capital is difficult to come by, that sends a very good, strong message that this is a vibrant sector," Davy said.

The MGE Innovation Center at UW-Madison's University Research Park is evidence of that growth, said Ralph Kauten, board member and past president of the Wisconsin Biotechnology Association.

A year ago, 21 of the 75 laboratories and offices sat vacant, but "in the past year, we've seen that space fill up," said Kauten, who's also president of Quintessence Biosciences, one of the innovation center's occupants.

Of 248 bioscience companies identified in Wisconsin, 120 are in Dane, Rock and Sauk counties, the study shows, and they employ 8,753 people. UW-Madison research is the main engine for that growth.

Even so, biotechs in the Waukesha area outrank Madison in sales. Companies in Waukesha, Washington and Ozaukee counties reported a total \$2.3 billion in revenue last year, 64 percent more than the \$1.4 billion in revenue amassed by bioscience businesses in Dane, Rock and Sauk counties.

That's largely due to companies such as GE Medical in Waukesha, which makes medical imaging equipment. "That's a sector that's been around a while longer," Davy said.

Companies in the Madison area alone include NimbleGen Systems, which makes DNA chips used for gene research; Mirus Corp., working on gene therapy for treating muscular dystrophy; and Biopulping International, with technology that uses a fungus to save money for the paper industry.

But there are some problems hampering the growth of Wisconsin biotech companies.

"The fortunes of the biotechnology industry are tied to the financial markets," Kauten said. "The markets are still demanding profitability over promise ... They're looking for companies that have products on the market or very close to being on the market."

"There continues to be a shortage of venture capital in Wisconsin for early stage biotechnology and that shortage extends to the Midwest," added Dan Broderick, managing director of Mason Wells Biomedical Fund, in Milwaukee. "It's absolutely hampering the formation of biotech companies, and those companies that are formed, it's hampering their growth."

At the same time, the stock prices of publicly traded biotech companies nationwide have dropped dramatically since 2000, even though sales have risen, Davy said.

Davy also is concerned about the impact of state budget cuts on the UW's ability to keep researchers on staff.

Kauten is optimistic about the future of Wisconsin's biotechnology

business. "I think we're well poised to see continued strong growth, and if financial markets become more friendly, that's speed things up there," he said.

The study will also be presented Wednesday at the State Capitol, in the Governor's Conference Room, 1st Floor East, from 8:30 a.m. to 9:30 a.m., in a reception that will be open to the public. Wisconsin scientists will be on hand to discuss their research.

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## Summit seeks ways to spur economy

### Start-ups, biotechnology emerge as key elements

By **JASON GERTZEN**

[jgertzen@journalsentinel.com](mailto:jgertzen@journalsentinel.com)

***Last Updated: Oct. 27, 2003***

Laboratory innovations, entrepreneurial start-ups and a rapidly growing biotechnology industry emerged during the start of this year's Wisconsin Economic Summit as some of the most promising methods for boosting the state's fortunes.

"Things are looking a little better than they were a year ago, but it's a slow recovery, particularly in regard to jobs," said Katharine C. Lyall, president of the University of Wisconsin System and co-chairwoman of the summit.

More than 800 business leaders, government officials and university staff members gathered in downtown Milwaukee for a two-day event focusing on the challenges facing Wisconsin's economy.

Participants in two dozen panel discussions at the Midwest Airlines Center on Monday presented suggestions for stimulating entrepreneurial activity, regional economic development and commercialization of technology.


In addition to a keynote address by Gov. Jim Doyle, today's installment will include a showcase session focusing on what can be done to control skyrocketing health care costs, Lyall said.

"Businesses said it is their number one issue, and it is for individuals, too," Lyall said. "The health care panel is the centerpiece of this conference."

The event, with a budget of about \$160,000, is organized by the UW System. Costs are covered by registration fees and corporate sponsorships from Robert W. Baird & Co. and 12 other businesses.

The summits began three years ago as worries mounted about Wisconsin being left behind by the New Economy. The sessions remain important today because they give civic and business leaders, officials and academics an opportunity to compare notes and collaborate on new strategies, said Cory L. Nettles, secretary of the Wisconsin Department of Commerce.

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 [Study: More female corporate officers urged](#)

"We are here to talk about what we can do to get our economy growing again," Nettles said after moderating a session on entrepreneurial growth. "At the end of the day, this is all about job growth and creation."

For too long, Nettles said, Wisconsin's economic development strategy consisted of chasing any jobs with little concern about the quality of the jobs.

"We really haven't moved the needle in terms of economic impact," Nettles said.

Spurring the creation of more high-end jobs with good salaries and strong futures is the only way for the state to reach its goal of boosting average incomes so they meet or surpass the national average, Nettles said.

## **Biotechnology is key**

The biotechnology industry is a core element in the state's pursuit of a high-end economy.

Companies tapping the power of genetics and other elements of the life sciences already form a sector of 248 companies employing more than 19,000 workers and generating annual sales of nearly \$5 billion, according to a new report by the Wisconsin Association for Biomedical Research and Education.

This represents but a small fraction of the more than 500,000 manufacturing sector jobs in Wisconsin, but biotechnology's impact now and in the future should not be discounted, said Gale Davy, executive director of the association.

"Even though it's a small part of the economy in Wisconsin, it is growing," Davy said. "Jobs in bioscience tend to be a lot higher paying than in manufacturing."

Though many entrepreneurial ventures start small, they have the potential to bring a major economic impact, said Larry Cox, director of the Weinert Center for Entrepreneurship at the University of Wisconsin-Madison.

"It is going to take some time for this to work," Cox said.

From the Oct. 28, 2003 editions of the Milwaukee Journal Sentinel

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# Talent? Ideas? Check. What about cash?

## Economic Summit to focus on ways to generate capital

By **JASON GERTZEN**  
[jgertzen@journalsentinel.com](mailto:jgertzen@journalsentinel.com)

**Last Updated: Oct. 26, 2003**

A push to raise \$300 million or more in investment cash for Wisconsin business start-ups could add what's been a major missing ingredient to the state's quest for a high-octane economic boost.

"We simply don't get our share of capital," said Gov. Jim Doyle.

Doyle, legislative leaders and key private-sector representatives are coming to the fourth annual Wisconsin Economic Summit in Milwaukee this week with multiple initiatives to fix the state's start-up investment problems.

"We know it is a significant problem that our average wages are well below the national average," Doyle said in an interview last week. "We really don't need to have a whole lot of further study on that."

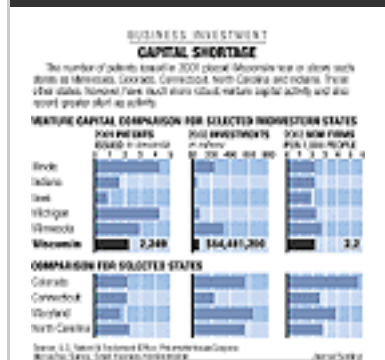
More than 700 people registered for the summit as of last week. Organizers expect final attendance totals at least to match last year's tally of 1,000 university representatives, government officials and leaders from labor groups and businesses.

Doyle and John Morgridge, chairman of Cisco Systems, will deliver keynote addresses.

Panel sessions Monday and Tuesday at the Midwest Airlines Center will present suggested approaches that resulted from months of study about the crisis of rising health-care costs, the need for regional economic development strategies, and methods of financing early-stage entrepreneurial ventures.

While prior summits served as the stage to unveil economic development packages or raise awareness about various problems, this year's event will occur as negotiations advance on actual measures moving through the state Legislature.

### Capital Shortage



Graphic/Journal Sentinel  
[Business investment](#)

### Wisconsin Economics

Prominent portions of Doyle's package of economic proposals called "Grow Wisconsin," legislation coming from lawmakers such as Sen. Ted Kanavas (R-Brookfield) and initiatives touted by venture capitalists such as John Neis in Madison all draw a direct link between the state's slipping average wages and its meager take of venture capital.

"We are targeting \$300 million to \$500 million in tax credits over a 10-year period to fundamentally shift Wisconsin from being a laggard in funding new ideas to being a leader," Kanavas said. "We are going to pass something by the end of November."

Companies able to attract investment from venture capitalists must offer the promise of rapid and sizable growth. Plus, many of the jobs created by these firms tend to be high-caliber positions offering good pay and attractive careers for top graduates.

Fifteen companies receiving a total of \$20.7 million in venture investments through the certified capital company program created more than 150 new jobs with an average salary of nearly \$70,000, according to a report done by Venture Investors of Madison.

## State short on cash

The types of companies creating these jobs require three basic ingredients: talented people, good ideas and cash.

Wisconsin is not lacking the first two.

Institutions such as the University of Wisconsin-Madison, the Medical College of Wisconsin and Marshfield Clinic are producing or helping to attract a steady supply of top researchers, scientists and doctors.

These laboratories, start-up companies and established firms also are making the state competitive on the innovation front. Wisconsin's 2001 tally of more than 2,200 patents placed it near or above such states as Minnesota, Colorado, Connecticut, North Carolina and Indiana, according to Doyle's Grow Wisconsin proposal.

Those other states, however, have much more robust venture capital activity. It's little surprise that they also see greater start-up activity.

Wisconsin's 2002 venture capital take of about \$65 million was dwarfed by Minnesota's \$326 million.

"We are way behind in capital availability," said Neis, a co-founder and senior partner of Venture Investors, a Madison venture capital firm.

Doyle would prefer to create a new state authority that would invest in capital funds managed by investment

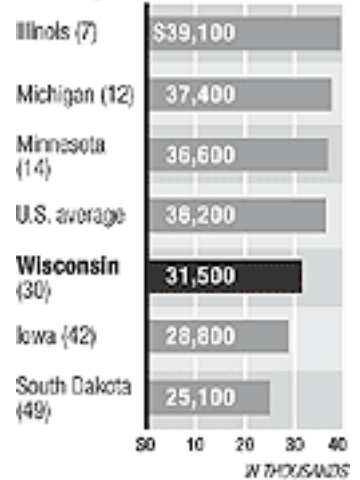
### WISCONSIN ECONOMICS

#### WAGES BELOW PAR

Lawmakers and venture capitalists draw a direct connection between the state's slipping wages and its meager take of venture capital.

#### 2001 AVERAGE PAY/BY STATE

(with ranking)



Source: U.S. Department of Labor

Journal Sentinel

Graphic/Journal Sentinel

[Wages](#)

professionals who specialize in backing early-stage companies. He would fund the initiative with \$30 million annually over the next 10 years, with the money coming from the state, from the state Patients Compensation Fund and from the State of Wisconsin Investment Board.

He said he also backs providing incentives to investors willing to support high-tech companies early on when they tend to have the greatest needs, but also pose the greatest risks.

Wisconsin must do a better job of transforming its great laboratory discoveries into businesses, he said.

"Early seed-stage capital allows the person with the idea and the patent to get it to the point where it is a commercial product," Doyle said.

## **Certified capital companies**

Another approach is expansion of the certified capital companies, or Capco, program. This proposal provides tax credits to insurance companies that commit millions of dollars to venture capital that can be invested in small Wisconsin companies.

"We believe the Capco program is a very viable way of doing this," Neis said. "We have a good track record of what we have accomplished."

Venture firms, including Neis' Venture Investors, relied on money coming through the program to provide critical support for high-tech companies such as Alfalight Inc. and Gala Design Inc., Neis said.

Alfalight, a high-powered laser company spun out of the University of Wisconsin, found willing investors on the West Coast as long as the firm agreed to move from Madison and closer to them.

"They said, 'No. We are loyal to the state,' " Neis said. "They wanted to make it happen here. They came to us."

While Doyle, state lawmakers and private-sector experts still have to work to do in reconciling their specific approaches, the state has made vast progress in developing consensus about the problem and the general direction of needed solutions, said Kanavas, the Brookfield senator.

Complacency that developed during the booming economy of the 1990s contributed to the state's budget problems and the lack of attention to its falling investment capital fortunes, Kanavas said. As the state continues to lose manufacturing jobs, it becomes ever more important to put in place the catalysts that will advance new sectors of the economy.

"We have got to get going," Kanavas said. "We are on the cusp of recovery."

From the Oct. 27, 2003 editions of the Milwaukee Journal Sentinel

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This story was printed from **The Badger Herald Online**.

Site URL: <http://www.badgerherald.com>.

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## Economic summit addresses UW's effect on state

by Kirtan Gandhi, News Reporter

October 28, 2003

The fourth Wisconsin Economic Summit held this week in Milwaukee is addressing economic concerns in the state, including the effects that the University of Wisconsin and its students have on the state economy.

Monday's events included 20 workshops on a variety of issues ranging from economic development in northeast Wisconsin to technological growth and expansion across the state.

Additional workshops will explain the correlation between the educational institutions and the industrial sector and the relevancy of the liberal arts in the early 21st century.

The summit will also host a bioscience news conference in which Wisconsin Association of Biomedical Research and Education will release its report on the state of bioscience in Wisconsin.

Erik Christianson, director of communications for UW System, said the summit's primary concern is the Wisconsin economy and its effect on health care.

"There is a report workgroup that has been working on the rising costs of health care which is a concern to every part of society," Christianson said. "This is an opportunity for a non-partisan group to reveal their findings and offer solutions to deal with the health care and economic issues."

UW junior and business owner Beau Smithback said there are other aspects of state health care that should be addressed.

"I would like to see the summit leaders address the ridiculously high malpractice suits, because that is reason that health care costs have gone up," Smithback said. "If we trim down the cost, from malpractice to pharmaceuticals, it will help facilitate lower health costs."

According to Christianson, the economic climate directly affects the health-care system in Wisconsin, and in turn the Wisconsin economy is highly affected by the UW System and its students.

"The UW system contributes 10 billion dollars a year to the state, nearly 5.5 percent of the state's GSP ... It educates 161,000 students, who consume products, pay tuition, eat at restaurants and attend cultural and sporting events," Christianson said.

Visitors to UW events, including sporting events, generate an additional \$726 million to the state. The UW system also employs over 150,000 workers who spend over a billion dollars per year. The UW system and its employees generate over \$408 million in state income and sales taxes. This is more than one-third of the system's allotted budget.

Christianson said students also play a very important role in the economic system of Wisconsin.

"Students have a major effect on the economic climate of Wisconsin and spend nearly \$1.3 billion each year over tuition and room-board," Christianson said, adding that these impacts are instrumental in helping Wisconsin grow and directly affect the health-care systems.

UW junior and business student Rob Krecak said he is optimistic about Wisconsin's job market.

"I think the economy is on an upswing, and in the next few years, the economy will be strong, and there will be more jobs when we graduate," Krecak said. "I plan to stay in Wisconsin because it's a good state to live in, has a perfect combination of rural and urban scenes and although our taxes are high, we make very good use of them."

Interested students are welcome to attend the summit and participate in the variety of workshops.

"This is a must-attend event for students," Christianson said. "Many of the issues discussed are of particular interest to students, and they are encouraged to attend."

Tuesday will feature different keynote speakers, including Gov. Jim Doyle, who is expected to present his "Grow Wisconsin" plan, which is meant to create jobs and boost the economy. The plan would reduce regulatory requirements on businesses, raise the minimum wage and attempt to create higher-paying jobs.

Cisco System Corporate Executive Officer John Morgridge will discuss business in the new economy.

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## Editorial: The next economic summit

From the Journal Sentinel

***Last Updated: Oct. 25, 2003***

If four successive years add up to an institution, the University of Wisconsin System's annual economic summit comes of age this week. Conditions leading to the fourth installment, which begins Monday at the Midwest Airlines Center in Milwaukee, are at once similar to and different from the first, held in 2000.

Then, there was air in the Internet bubble; now, Wisconsin's economy, like the nation's, struggles to pull itself from the deep muck of a job-bruising recession and languid recovery. What remains largely the same is a set of indisputable facts that Gov. Jim Doyle and Wisconsin's lawmakers, academics and business executives must confront if the state is to regain its footing and run ahead of the national pack.

Fact: Average wages in Wisconsin lag behind the national average and personal income growth is not keeping up with most other states. Fact: The state has a well-earned reputation as a tax hell. Fact: Wisconsin has a brain drain of college graduates, in part because of the absence of enough high-paying jobs to keep them here. Safe bet: Our state still seems to play it too safe too often, when calculated risk for a big reward might be the better course.

Doyle, to his credit, seems committed to keeping a lid on taxes, and he is talking about streamlining regulation. The governor, lawmakers and private entrepreneurs also want to do what they can to attract more venture capital to Wisconsin. According to the 2003 NorthStar Guide, published by NorthStar Economics, Inc., Wisconsin ranked 25th in venture capital investments last year, with \$64 million. Two neighboring competitors, Minnesota and Illinois, ranked 14th (\$327 million) and 17th (\$228 million), respectively.


State government tax credits may help to lure more venture capital to Wisconsin. Meantime, one of the state's great assets - UW-Madison's Wisconsin Alumni Research Foundation - can do a better job of selling itself. In fact, WARF, which has an endowment of \$1.2 billion and helps to turn UW scientific research into commercial ventures, now maintains an office in California to promote more than 1,000 technologies it has available for licensing.

The economic summit features a couple dozen panels on a wide range of subjects - from industry clusters and regional economic cooperation to manufacturing renewal and using tax policy to stimulate economic development.

We hope what emerges is the big picture: Government can and should establish a business-friendly tax and regulatory climate, but it will be risk-taking private companies - established firms and upstarts alike - that will turn Wisconsin into a powerful economic engine that produces new jobs by the tens of thousands.

From the Oct. 26, 2003 editions of the Milwaukee Journal Sentinel



 **Wisconsin Economic Summit**

**Wisconsin Economic Summit**

**T O P I C** Discussion Started: 10-27-2003, 2:58 PM



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Wisconsin's Economic Summit number four will run over the next couple of days, and we have not lost our optimism that the marriage of the University, state government and state business community can provide a road map for economic growth and development in this state.

Frankly, we were frustrated that the budget reform plan offered last year by a bipartisan group of thinkers and analysts got such short shrift.

New thinking like that should be encouraged by serious consideration. But it was beginning, and we remain hopeful that the annual Summit will become the place where big ideas are welcomed.

The core agenda remains regional development and industry clusters.

We're happy to see the addition of health care to the agenda. We'd like to see more on the arts and recognition of the importance of early childhood development on the state's economy.

That will come. For now, the framework remains important and collaboration a worthwhile goal.

# WISCONSIN ECONOMIC SUMMIT IV

**Oct. 27-28**  
**UW Economic Summit IV**  
**Midwest Airlines Center**  
**Milwaukee**

## **Health care reform is working its way back on to the political agenda**

By Tom Still

MILWAUKEE – The people who run St. Joseph's Regional Medical Center here have a problem: Too many patients are using the emergency room like a walk-in clinic, an expensive practice that ties up valuable medical resources which should be used for critical care, not runny noses. To discourage people from using the ER for minor ailments, the hospital announced last week it will impose a \$150 minimum fee.

The story is a symptom of a larger disease. About 44 million Americans lack health insurance and the costs of caring for them when they become ill are being shifted to taxpayers and the medical system as a whole.

It's one reason why health care reform is creeping back on the political agenda after being left for dead following President Clinton's failed 1993 initiative. Behind the occupation of Iraq and the economy, health care reform may emerge as a leading issue in the 2004 national and state elections.

The debate is already underway in Wisconsin. The fourth Wisconsin Economic Summit will leap into the fray Tuesday with a report by 36 health-care experts. Earlier this year, the Competitive Wisconsin business group devoted its meeting to rising health-care costs. An Oct. 10 seminar organized through Madison's Meriter Hospital attracted reform advocates from Massachusetts to California.

Renewed talk will not quickly produce action, however. Proposed solutions range from a "single-payer" system similar to what exists in Canada to a privatized model, which uses tax credits to encourage people to become better health-care consumers. Others think the current "managed care" system – itself a product of reform – can be tweaked to work better. Still others think overhauling the antiquated Medicare system, which reflects medicine as it was practiced in 1965 rather than today, will break the logjam.

The best place to start is to assess what's working:

Although one in seven Americans aren't covered by health insurance, six in seven can get care either

through an employer-sponsored plan, Medicare, Medicaid or some other insurance plan. In Wisconsin, the coverage percentage is much higher – 10 out of 11 people are covered – because of better regulation and a culture that encourages employers to offer insurance.

Improved medical technology is controlling costs through early diagnosis, by saving and improving lives, and by improving the efficiency and productivity of the system. Not all cost savings are immediate, but they will benefit society over time.

Life spans have increased by about 30 years in the last 100 years, which is more than the preceding 100,000 years. Dramatic improvements in public health and safety practices deserve much of the credit.

Chronic disability rates in patients 65 and older are falling, saving nursing home costs and allowing people to stay productive longer. That trend may help to prevent a severe labor shortage when the "Baby Boomers" hit retirement age.

Given those successes and more, is it necessary to junk the U.S. health coverage system? Statistics show the uninsured problem – which is driving costs – is clustered around the working poor and their children, minorities, people who work for small businesses, and people who live in very rural or very urban settings.

There may be political will for a targeted solution; there likely won't be consensus for reform that redefines health care as an entitlement. Public support is soft for the notion that health care is a "right" to be guaranteed by society to all, regardless of age and ability. It's softer still for adopting a system where that "right" is defined far outside the doctor-patient relationship. If you believe health care is a right, you may also believe it's a violation of that right to ration health care or to entrust a bureaucracy to decide who gets what treatment and under what conditions.

Indeed, the insurance system does some of that that now. But insurers must work with employers, patients and the physicians, who help set the rules. A majority of Americans are not likely to trade their reservoir of trust in the medical profession for faith in a system run by bureaucrats with a different set of values.

The question is not whether health care delivery needs reform. Everyone seems to agree change is coming – perhaps even in the next presidential term. The question is whether we'll be smart enough to borrow some of the best ideas from other nations and use them to build upon what's already working at home.

*Still is president of the Wisconsin Technology Council. He is the former associate editor of the Wisconsin State Journal in Madison.*